

**Benton Fire District No. 4  
Benton, Louisiana**

**Financial Statements With Auditor's Report**

**As of and For the Year Ended December 31, 2013**

Benton Fire District No. 4  
Benton, Louisiana

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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Benton Fire District No. 4  
Benton, Louisiana

### **Report of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of Benton Fire District No. 4, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Benton Fire District No. 4's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Benton Fire District No. 4 as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and on pages 24 - 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of Benton Fire District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton Fire District No. 4's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
June 30, 2014

## **BENTON FIRE DISTRICT NO. 4**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Benton Fire District No. 4's financial performance provides an overview of the Benton Fire District No. 4's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the District's financial statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

The Benton Fire District No. 4's net position increased by \$484,656 or 9%.

The Benton Fire District No. 4's total general revenues were \$2,899,534 in 2013 compared to \$2,620,585 in 2012.

During the year ended December 31, 2013, the Benton Fire District No. 4 had total expenses, excluding depreciation of \$2,309,314, compared to \$2,122,255 for 2012.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Benton Fire District No. 4 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Benton Fire District No. 4's operations in more detail than the government-wide statements by providing information about the Benton Fire District No. 4's most significant funds.

The Benton Fire District No. 4 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the Benton Fire District No. 4.

### **Reporting the Benton Fire District No. 4 as a Whole**

Our analysis of the Benton Fire District No. 4 as a whole begins on page 9. One of the most important questions asked about the Benton Fire District No. 4's finances is "Is the Benton Fire District No. 4 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Benton Fire District No. 4 as a whole and

about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Benton Fire District No. 4's *net position* and changes in them. You can think of the Benton Fire District No. 4's net position – the difference between assets and liabilities – as one way to measure the Benton Fire District No. 4's financial health, or *financial position*. Over time, *increases* or *decreases* in the Benton Fire District No. 4's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Benton Fire District No. 4 as governmental activities:

*Governmental activities* – all of the expenses paid from the funds maintained by the Benton Fire District No. 4 are reported here, which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

### **Reporting the District's Most Significant Funds**

Our analysis of the major funds maintained by the Benton Fire District No. 4 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the Benton Fire District No. 4 – not the Benton Fire District No. 4 as a whole. The Benton Fire District No. 4's *governmental funds* use the following accounting approaches:

*Governmental funds* – All of the Benton Fire District No. 4's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Benton Fire District No. 4's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Benton Fire District No. 4 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

## THE BENTON FIRE DISTRICT NO. 4 AS A WHOLE

The Benton Fire District No. 4's total net position changed from a year ago, increasing from \$5,362,123 to \$5,846,779. Our analysis below will focus on key elements of the total governmental funds for the December 31, 2013 and 2012 years.

**Table 1**  
**Net Position**

	Governmental Activities	
	2013	2012
Current and other assets	\$ 4,264,630	\$ 4,162,817
Capital assets	1,770,052	1,330,472
Total Assets	<u>6,034,682</u>	<u>5,493,289</u>
Current Liabilities	187,903	131,166
Total Liabilities	<u>187,903</u>	<u>131,166</u>
Net Position		
Investment in capital assets	1,770,052	1,330,472
Unrestricted	4,076,727	4,031,651
Total net position	<u>\$ 5,846,779</u>	<u>\$ 5,362,123</u>

Net position of the Benton Fire District No. 4's governmental activities increased by \$484,656 or 9%. Unrestricted net position, the part of net position that can be used to finance Benton Fire District No. 4 expenses without constraints or other legal requirements, increased \$45,076, from \$4,031,651 in 2012 to \$4,076,727 at December 31, 2013.

**Table 2**  
**Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenue		
Operating Grants		
and contribution	\$	\$ 3,414
Capital Grants		
and contribution	67,500	
General revenues		
Ad Valorem taxes	2,737,474	2,532,352
Intergovernmental	85,400	70,878
Miscellaneous		5
Interest and Dividends	76,660	17,350
Total Revenues	<u>2,967,034</u>	<u>2,623,999</u>
<b>Expenses</b>		
Public Safety - fire protection	<u>2,482,378</u>	<u>2,261,092</u>
<b>Increase in net assets</b>	<u>\$ 484,656</u>	<u>\$ 362,907</u>

Total expenses increased \$221,286 (9%) from total expenses in the year ended December 31, 2012 of \$2,261,092 to total expenses of \$2,482,378 in the year ended December 31, 2013.

The primary reason for this increase is due to cost of living increases and general increase of expenditures.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$3,954,339, which is higher than last year's fund balance of \$3,921,207. The primary reason for this increase was increase in revenues from property taxes.

### **General Fund Budgetary Highlights**

The District adopted a budget for its General Fund for the year ended December 31, 2013. There were two amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 24. Highlights for the year are as follows:



- Ad valorem taxes were approximately \$179,439 higher than projected due to increases in property taxes due to growth in the parish.

The District's General Fund balance of \$3,954,339 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$1,686,882 reported in the budgetary comparison schedule on page 24. This is primarily due to the District budgeting on the cash basis of accounting.

## CAPITAL ASSETS

At the end of December 31, 2013 and 2012, the Benton Fire District No. 4 had invested \$1,770,052 and \$1,330,472 in capital assets respectively. (see table 3 below)

**Table 3**  
**Capital Assets At Year End**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 15,450	\$ 15,450
Idle assets	40,280	290,180
Buildings	423,355	283,836
Equipment	151,508	188,885
Vehicle improvements	15,707	18,913
Apparatus	<u>1,123,752</u>	<u>533,208</u>
Total	<u>\$ 1,770,052</u>	<u>\$ 1,330,472</u>

This year's major additions included

Building	\$ 158,228	\$
Apparatus	464,812	26,045
Vehicle improvements		<u>4,223</u>
	<u>\$ 623,040</u>	<u>\$ 30,268</u>

More detailed information about the capital assets are presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Benton Fire District No. 4's management considered many factors when setting a fiscal year December 31, 2014 budget. Amounts available for appropriation in 2014 are expected remain substantially the same as 2013.

Expenditures for 2014 are expected to increase due to renovations to Station#1.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Benton Fire District No. 4 and to show the Benton Fire District No. 4's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Benton Fire District No. 4, at P.O. Box 521, Benton, Louisiana 71006.

Benton Fire District No. 4  
Benton, Louisiana  
Statement of Net Position  
December 31, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 363,692
Investments	1,324,235
Accounts receivable	
Ad valorem taxes	2,532,556
Other	44,147
Capital assets	
Depreciable (net)	1,714,322
Non-depreciable	<u>55,730</u>
Total assets	<u>6,034,682</u>
<b>LIABILITIES</b>	
Accounts payable	171,717
Accrued expenses	<u>16,186</u>
Total liabilities	<u>187,903</u>
<b>NET POSITION</b>	
Investment in capital assets	1,770,052
Unrestricted	<u>4,076,727</u>
Total net position	<u><u>\$ 5,846,779</u></u>

See accompanying notes to the basic financial statements.

Benton Fire District No. 4  
Benton, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2013

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 87,899
Public safety - fire protection	2,394,479
Total expenses	<u>2,482,378</u>

Program revenues:

Capital grants and contributions	<u>67,500</u>
Net program expenses	(2,414,878)

General revenues:

Ad valorem taxes	2,737,474
Intergovernmental - fire insurance rebate	85,400
Interest and dividends	<u>76,660</u>
Total general revenues	<u>2,899,534</u>

Change in net position	484,656
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Net position - beginning	<u>5,362,123</u>
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Net position - ending	<u><u>\$ 5,846,779</u></u>
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See accompanying notes to the basic financial statements.

Benton Fire District No. 4  
Benton, Louisiana  
Balance Sheet  
Governmental Fund  
December 31, 2013

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 363,692
Investments	1,324,235
Accounts receivable	
Ad valorem taxes	2,532,556
Other	44,147
<b>Total assets</b>	<b>\$ 4,264,630</b>
<b>Liabilities</b>	
Accounts payable	\$ 171,717
Accrued expenses	16,186
<b>Total liabilities</b>	<b>187,903</b>
<b>Deferred inflows of resources</b>	
Unavailable revenue	
Ad valorem taxes	78,241
Other	44,147
<b>Total deferred inflows of resources</b>	<b>122,388</b>
<b>Fund balances</b>	
Unassigned	3,954,339
<b>Total fund balances</b>	<b>3,954,339</b>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,770,052
Other long-term assets are not available to pay for current - period expenditures and therefore are deferred in the governmental funds.	122,388
<b>Net position of governmental activities</b>	<b>\$ 5,846,779</b>

See accompanying notes to the basic financial statements.

Benton Fire District No. 4  
Benton, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the Year Ended December 31, 2013

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 2,769,676
Intergovernmental-fire insurance rebate	85,400
Intergovernmental-grant revenue	67,500
Interest and dividends	<u>32,513</u>
Total revenues	<u>2,955,089</u>
Expenditures	
Current:	
General government	87,899
Public Safety	2,211,018
Capital outlay	<u>623,040</u>
Total expenditures	<u>2,921,957</u>
Excess of revenues over (under) expenditures	33,132
Fund balances at beginning of year	<u>3,921,207</u>
Fund balances at end of year	<u><u>\$ 3,954,339</u></u>

See accompanying notes to the basic financial statements.

Benton Fire District No. 4  
Benton, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 33,132
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which outlay (\$623,040) exceeded depreciation (\$173,064) in the current period.	449,976
The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to decrease net assets.	(10,396)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>11,944</u>
Change in net position of governmental activities	<u>\$ 484,656</u>

See accompanying notes to the basic financial statements.

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013

## INTRODUCTION

The Benton Fire District No. 4 (the District) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on November 10, 1987 by ordinance number 2096. The District is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury, the Town of Benton, and by the commissioners themselves. The Board of Commissioners received no compensation during 2012. *The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.*

### (1) Summary of Significant Accounting Policies

The Benton Fire District No. 4's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – And Management's Discussion and Analysis–for State and Local Governments*, issued in June, 1999. The more significant accounting policies established in GAAP and used by the Benton Fire District No. 4 are discussed below.

#### A. Reporting Entity

The District is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the Bossier Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### B. Basic Financial Statements – Government-Wide Statements

The Benton Fire District No. 4's basic financial statements include both government-wide (reporting the funds maintained by the Benton Fire District No. 4 as a whole) and fund financial statements (reporting the Benton Fire District No. 4's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Benton Fire District No. 4's general fund is classified as governmental activities. The Benton Fire District No. 4 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Benton Fire District No. 4's net position are reported in two parts – investment in capital assets (net of related debt), and unrestricted net position.

(Continued)



Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Benton Fire District No. 4's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District's program revenues consisted of a capital grant. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Benton Fire District No. 4 as an entity and the change in the Benton Fire District No. 4's net position resulting from the current year's activities.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Benton Fire District No. 4 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Benton Fire District No. 4:

**Governmental Funds** – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Benton Fire District No. 4:

- a. General funds are the general operating funds of the Benton Fire District No. 4. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

*The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.*

Revenues of the Benton Fire District No. 4 consist principally of property taxes, other *intergovernmental revenues, donations, and interest income*. Property taxes are recorded in the year the taxes are assessed. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Interest income is recorded when earned. Donations and other *intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.*

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. *The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.*

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the fire chief prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

5. The budget is adopted on a cash basis for all funds. The original budget was amended two times during 2013. The amendments are reflected in the budgetary comparisons included in the accompanying financial statements.

**F. Cash, Cash Equivalents, and Investments**

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

**G. Capital Assets**

*Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.*

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Apparatus	5 – 35 years
Buildings	20 – 40 years
Vehicle improvements	10 – 20 years
Equipment	5 – 25 years

**H. Compensated Absences**

The District follows leave policies set forth in Louisiana Revised Statutes 33:1995, et. Al. After having served one year, firemen shall be entitled to an annual vacation of eighteen days with full pay. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days, all of which shall be with full pay. Vacation pay not used by December 31 of each year is forfeited.

Firemen are entitled to full pay during sickness for a period of not less than fifty-two weeks per year.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Deferred Inflows of Resources

The District's funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenues until a future event occurs. *The District has ad valorem taxes and other income unavailable, which occur because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the district's fiscal year) under modified accrual basis of accounting, that qualify for reporting in this category.* Accordingly, ad valorem taxes and other income are reported in the governmental funds balance sheet as deferred inflows of resources. The District did not have deferred inflows of resources to report in its government-wide financial statements for the current year.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

3. *Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).*
4. *Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.*
5. *Unassigned fund balances are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.*

*When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.*

(2) **New Accounting Standards**

Effective January 1, 2013, the District implemented the following GASB statement: GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(3) **Levied Taxes**

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	20.11	20.11	2017

(4) **Cash, Cash Equivalents and Investments**

At December 31, 2013, the District had cash, cash equivalents, and investments (book balances) totaling \$1,687,927, as detailed below.

A. **Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2013 (book balances) totaled \$363,692. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

B. Investments

At December 31, 2013, Benton Fire District #4 had investments totaling \$1,324,235, as follows:

Certificate of deposit	\$ 800,000
Louisiana Asset Management Pool (LAMP)	<u>524,235</u>
Total	<u>\$ 1,324,235</u>

In accordance with GASB codification section 150.126, the investment in LAMP at the District is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to *provide a safe environment for the placement of public funds in short term, high quality investments*. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The certificate of deposit had a maturity greater than 90 days. The certificate of deposit is carried at cost, which approximates market.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2013, \$550,000 of the District's bank balance of \$1,229,683 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department,  
not in the District's name:

Certificate of deposit	\$ <u>550,000</u>
------------------------	-------------------

(5) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 10 per cent of their annual covered salary and the District is required to contribute at an actuarially determined rate. Contribution rates were 24 percent for January through June 2013, and 28.25 percent for July through December, 2013. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2013, 2012, and 2011 were \$320,582, \$270,092, and \$242,450, respectively.

(Continued)

Benton Fire District No. 4  
Benton, Louisiana  
Notes to the Financial Statements  
December 31, 2013  
(Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance at Jan. 1, 2013	Additions	Deletions	Transfers	Balance at Dec. 31, 2013
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 15,450	\$	\$	\$	\$ 15,450
Idle	290,180			(249,900)	40,280
Total capital assets, not being depreciated, at historical cost	305,630			(249,900)	55,730
Capital assets, being depreciated:					
Buildings	526,072	158,228			684,300
Equipment	447,525		(38,219)		409,306
Vehicle improvements	50,588		(13,932)		36,656
Apparatus	1,951,083	464,812		249,900	2,665,795
Total capital assets, being depreciated, at historical cost	2,975,268	623,040	(52,151)	249,900	3,796,057
Less accumulated depreciation:					
Buildings	(242,236)	(18,709)			(260,945)
Equipment	(258,640)	(28,375)	29,217		(257,798)
Vehicle improvements	(31,675)	(1,812)	12,538		(20,949)
Apparatus	(1,417,875)	(124,168)			(1,542,043)
Total accumulated depreciation	(1,950,426)	(173,064)	41,755		(2,081,735)
Total capital assets, being depreciated, net	1,024,842	449,976	(10,396)	249,900	1,714,322
Governmental capital assets, net	\$ 1,330,472	\$ 449,976	\$ (10,396)	\$	\$ 1,770,052

Depreciation expense for the year ended December 31, 2013, was \$173,064.

(7) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)



Benton Fire District No. 4  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2013  
(Continued)

(8) Leases

For the year ended December 31, 2013, the District had two operating leases on certain properties that are utilized by the district. Lease payments on these two leases for the year ended December 31, 2013 were \$600. The minimum annual commitments under noncancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 600
2015	600
2016	600
2017	600
2018	600
2019 – 2023	1,500
2024 – 2028	500
2029 – 2033	500
2034 – 2038	500
2039 – 2043	500
2044 – 2048	500
2049 – 2053	500
2054 – 2058	500
2059 – 2063	500
2064 – 2068	500
2069 – 2073	500
2074 – 2078	500
2079 – 2083	500
2084 – 2088	500
2089	100
	<u>\$ 11,100</u>

(9) Accrued Expenses

Accrued expenses at December 31, 2013 consisted of the following:

Accrued payroll	\$ 15,144
Payroll liabilities	<u>1,042</u>
Total	<u>\$ 16,186</u>

(10) Subsequent Events

In June of 2014, the District accepted a bid for renovation work to station #1 in the amount of \$280,000.

Subsequent events have been evaluated through June 30, 2014, the date the financial statements were available to be issued.

Benton Fire District No. 4  
Benton, Louisiana  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
*Budget (Cash Basis) and Actual*  
General Fund  
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 2,397,993	\$ 2,397,993	\$ 2,577,432	\$ 179,439
Intergovernmental-fire insurance rebate	70,000	70,000	85,400	15,400
Interest income	3,000	3,000	32,513	29,513
Miscellaneous			67,500	67,500
Total revenues	2,470,993	2,470,993	2,762,845	291,852
Expenditures				
Current:				
General government	80,000	81,600	87,400	(5,800)
Public Safety	2,400,993	2,399,393	2,188,348	211,045
Capital outlay	790,000	790,000	587,391	202,609
Total expenditures	3,270,993	3,270,993	2,863,139	407,854
Excess of revenues over (under) expenditures	(800,000)	(800,000)	(100,294)	699,706
Fund balances at beginning of year	800,000	800,000	1,787,176	987,176
Fund balances at end of year	\$	\$	\$ 1,686,882	\$ 1,686,882

See accompanying note to required supplementary information.

Benton Fire District No. 4  
Benton, Louisiana  
Notes to Required Supplementary Information  
December 31, 2013

The District's budget is adopted on a cash basis for all funds. There were two amendments to the 2013 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ ( 100,294)
Adjustments:	
Revenue accruals – net	192,244
Expenditure accruals – net	<u>( 58,818)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 33,132</u>

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Commissioners  
Benton Fire District No. 4

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Benton Fire District No. 4 as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Benton Fire District No. 4's basic financial statements, and have issued our report thereon dated June 30, 2014.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Benton Fire District No. 4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Benton Fire District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of the Benton Fire District No. 4's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

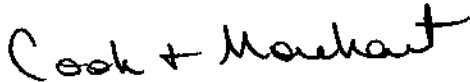
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Benton Fire District No. 4's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
June 30, 2014

Benton Fire District No. 4  
Benton, Louisiana  
Summary Schedule of Audit Findings  
December 31, 2013

**Summary Schedule of Prior Audit Findings**

There were no findings for the prior year audit for the year ended December 31, 2012

**Corrective Action Plan for Current Year Audit Findings**

There were no findings for the current year audit for the year ended December 31, 2013.